



**Billing Code: 8070-01-P**

**FEDERAL HOUSING FINANCE AGENCY**

**12 CFR Part 1238**

**[No. 2015-N-04]**

**Orders: Reporting by Regulated Entities of Stress Testing Results as of September 30, 2014**

**AGENCY:** Federal Housing Finance Agency.

**ACTION:** Orders.

---

**SUMMARY:** In this document, the Federal Housing Finance Agency (FHFA) provides notice that it issued Orders dated June 10, 2015, with respect to reporting under section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

**DATES:** Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Each Order is applicable beginning June 10, 2015.

**FOR FURTHER INFORMATION CONTACT:** Naa Awaa Tagoe, Senior Associate Director, Office of Financial Analysis, Modeling and Simulations, (202) 649-3140, [naaawaa.tagoe@fhfa.gov](mailto:naaawaa.tagoe@fhfa.gov); Stefan Szilagyi, Examination Manager, FHLBank Modeling, FHLBank Risk Modeling Branch, (202) 649-3515, [Stefan.szilagyi@fhfa.gov](mailto:Stefan.szilagyi@fhfa.gov); or Mark D. Laponsky, Deputy General Counsel, Office of General Counsel, (202) 649-3054 (these

are not toll-free numbers), [mark.laponsky@fhfa.gov](mailto:mark.laponsky@fhfa.gov). The telephone number for the Telecommunications Device for the Hearing Impaired is (800) 877-8339.

## **SUPPLEMENTARY INFORMATION:**

### **I. Background**

FHFA is responsible for ensuring that the regulated entities operate in a safe and sound manner, including the maintenance of adequate capital and internal controls; that their operations and activities foster liquid, efficient, competitive, and resilient national housing finance markets; and that they carry out their public policy missions through authorized activities. See 12 U.S.C. 4513. This Order is being issued under 12 U.S.C. 4514(a), which authorizes the Director of FHFA to require by Order that the regulated entities submit regular or special reports to FHFA and establishes remedies and procedures for failing to make reports required by Order. The Order directs the Banks to use a revised public disclosure template for publicly disclosing the severely adverse stress testing scenario results as of September 30, 2014. The revised template replaces the template initially issued on November 14, 2014 and will enhance the transparency of each Bank's public disclosure.

### **II. Orders**

For the convenience of the affected parties, the text of the Order, without the accompanying Summary Instructions and Guidance and appendices, follows below in its entirety. You may access this Order with all of the accompanying material from FHFA's Web site at: <http://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Issues-Scenarios-and-Guidance-to-FannieMae,-Freddie-Mac-and-the-Federal-Home-Loan-Banks->

[Regarding-Annual-Dodd-Frank-St.aspx](#). The Order, new public disclosure template (Attachment 1), and Summary Instructions and Guidance will be available for public inspection and copying at the Federal Housing Finance Agency, Eighth Floor, 400 Seventh St., SW, Washington, DC 20024. To make an appointment, call (202) 649-3804.

The text of the Order is as follows:

**Federal Housing Finance Agency**

*Order No. 2015-OR-B-1*

**SUPPLEMENTAL ORDER ON REPORTING BY REGULATED ENTITIES OF STRESS TESTING RESULTS AS OF SEPTEMBER 30, 2014**

*Whereas*, pursuant to the Federal Housing Finance Agency's (FHFA) regulation implementing section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act requiring each regulated entity to conduct stress tests to determine whether it has the capital necessary to absorb losses resulting from adverse economic conditions and report the results "in the manner and form established by FHFA," 12 CFR § 1238.5(b); and

*Whereas*, FHFA's rule implementing section 165(i)(2) of the Dodd-Frank Act is codified as 12 CFR part 1238 and requires that "[e]ach regulated entity must file a report in the manner and form established by FHFA," 12 CFR § 1238.5(b); and

*Whereas*, FHFA's regulation requires that each regulated entity "disclose publicly a summary of the stress test results for the severely adverse scenario," 12 CFR § 1238.7; and

*Whereas*, on November 14, 2014, FHFA issued to each regulated entity scenarios for stress testing as of September 30, 2014, and on December 1, 2014, issued Orders to each regulated entity together with Summary Instructions and Guidance with prescribed templates for completing, reporting, and disclosing the stress test results; and

*Whereas*, each Federal Home Loan Bank timely filed its report of stress test results on or before April 30, 2015, as required by 12 CFR § 1238.5; and

*Whereas*, after analyzing the results of each Federal Home Loan Bank's stress testing and the methodologies and practices used therein, FHFA has determined that the original template designed for public disclosure of the summary of each Bank's severely

adverse scenario results that accompanied the Orders of December 1, 2014, should be revised; and

*Whereas*, section 1314 of the Federal Housing Enterprises Financial Safety and Soundness Act, as amended, 12 U.S.C. § 4514(a), authorizes the Director of FHFA to require regulated entities, by general or specific order, to submit such reports on their management, activities, and operations as the Director considers appropriate.

*Now therefore*, it is hereby Ordered as follows:

Each Federal Home Loan Bank shall publicly disclose and report, as required by 12 CFR part 1238, a summary of the severely adverse scenario results of its stress testing using the template provided herewith as the attachment entitled “FHLBank Dodd-Frank Stress Test Template – SEVERLY ADVERSE (Disclosure to the Public).”

*It is so ordered*, this 10th day of June 2015.

This Order is effective immediately.

Signed at Washington, DC, this 10th day of June, 2015.

Melvin L. Watt,  
Director, Federal Housing Finance Agency.

---

Melvin L. Watt  
Director, Federal Housing Finance Agency.

June 10, 2015.  
Date

## **FHLBank Dodd-Frank Stress Test Template - SEVERELY ADVERSE (Disclosure to the Public)**

Cumulative Projected  
Financial Metrics (Q4  
2014 - Q4 2016)

---

- 1 Net interest income + other non-interest income, net
- 2 (Provision) benefit for credit losses on mortgage loans
- 3 OTTI credit losses
- 4 Mark-to-market gains (losses)
- 5 Global market shock impact on trading securities
- 6 Counterparty default losses
- 7 AHP assessments
- 8 Net income (loss)
- 9 Other comprehensive income (loss)
- 10 Total comprehensive income (loss)
- 11 Total capital (GAAP) - starting
- 12 Total capital (GAAP) - ending
- 13 Regulatory capital ratio - starting
- 14 Regulatory capital ratio - ending